

UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

Revisions to Oil Pipeline Regulations  
Pursuant to the Energy Policy Act of 1992

Docket No. RM93-11-000

NOTICE OF ANNUAL CHANGE  
IN THE PRODUCER PRICE INDEX FOR FINISHED GOODS

(May 10, 2019)

The Commission's regulations include a methodology for oil pipelines to change their rates through use of an index system that establishes ceiling levels for such rates. The Commission bases the index system, found at 18 C.F.R. § 342.3, on the annual change in the Producer Price Index for Finished Goods (PPI-FG), plus one point two three percent (PPI-FG + 1.23). The Commission determined in an *Order Establishing Index Level*,<sup>1</sup> issued December 17, 2015, that PPI-FG + 1.23 is the appropriate oil pricing index factor for pipelines to use for the five-year period commencing July 1, 2016.

The regulations provide that the Commission will publish annually an index figure reflecting the final change in the PPI-FG after the Bureau of Labor Statistics publishes the final PPI-FG in May of each calendar year. The annual average PPI-FG index figures were 198.0 for 2017 and 204.1 for 2018.<sup>2</sup> Thus, the percent change (expressed as a decimal) in the annual average PPI-FG from 2017 to 2018, plus 1.23 percent, is positive

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<sup>1</sup> 153 FERC ¶ 61,312, at P 52 (2015).

<sup>2</sup> Bureau of Labor Statistics (BLS) publishes the final figure in mid-May of each year. This figure is publicly available from the Division of Industrial Prices and Price Indexes of the BLS, at 202-691-7705, and in print in August in Table 1 of the annual data supplement to the BLS publication *Producer Price Indexes* via the Internet at <http://www.bls.gov/ppi/home.htm>. To obtain the BLS data, scroll down to "PPI Databases" and click on "Top Picks" of the Commodity Data including "headline" FD-ID indexes (Producer Price Index – PPI). At the next screen, under the heading "PPI Commodity Data," select the box, "Finished goods – WPUFD49207," then scroll to the bottom of this screen and click on Retrieve data.

0.043108.<sup>3</sup> Oil pipelines must multiply their July 1, 2018, through June 30, 2019, index ceiling levels by positive 1.043108<sup>4</sup> to compute their index ceiling levels for July 1, 2019, through June 30, 2020, in accordance with 18 C.F.R. § 342.3(d). For guidance in calculating the ceiling levels for each 12-month period beginning January 1, 1995,<sup>5</sup> see *Explorer Pipeline Company*, 71 FERC ¶ 61,416, at n.6 (1995).

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Kimberly D. Bose,  
Secretary.

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<sup>3</sup>  $[204.1-198.0] / 198.0 = 0.030808 + 0.0123 = +0.043108$ .

<sup>4</sup>  $1 + 0.043108 = 1.043108$ .

<sup>5</sup> For a listing of all prior multipliers issued by the Commission, see the Commission's website, <http://www.ferc.gov/industries/oil/gen-info/pipeline-index.asp>.